



Office of Group Benefits

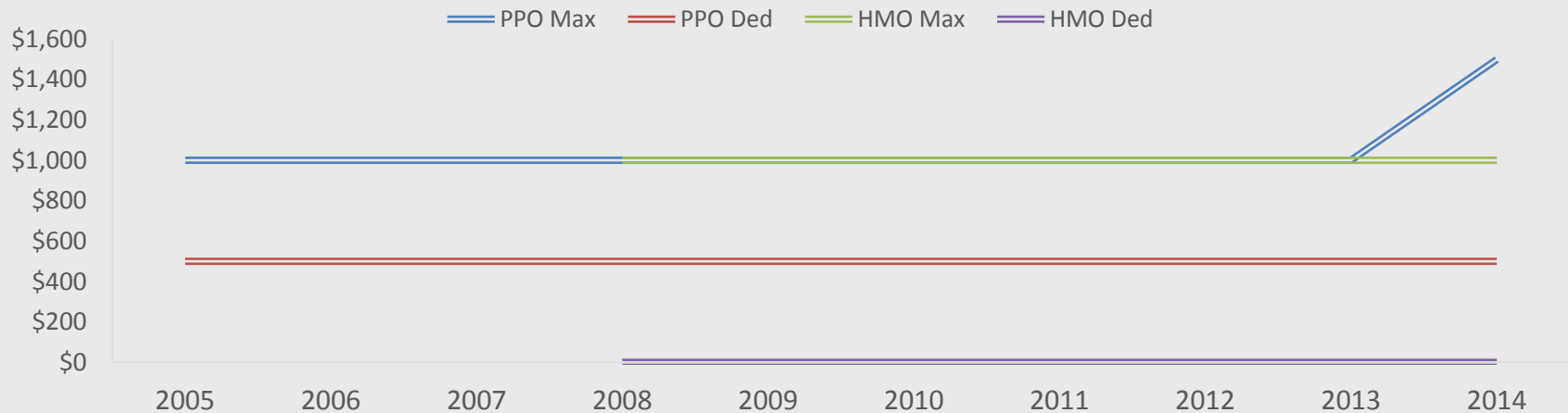
November 7, 2014



2015 Changes

Since 2005, OGB benefits had remained mostly flat as expenses continued to grow. In September, OGB announced changes to its health plans that would better align its expenses with revenue.

HISTORICAL BENEFIT CHANGES



Member Concerns

Most member concerns have been related to:

- Deductible increase, especially related to the HMO plan where there has historically been no deductible
- Deductible structure, individuals with one dependent have the same deductible as a family
- Out-of-pocket maximum increase
- Active employees and retirees without Medicare having the same benefit options



New Coverage Level

Individual + 1 can include a spouse or a child.

- Previously, the individual + spouse and individual + children level included deductibles and out-of-pocket maximums equal to family coverage.
- Now, the individual + 1 level will include deductibles and out-of-pocket maximums equal to double the cost to an individual.



Retirees without Medicare

Retirees without Medicare (as of March 1, 2015) will maintain the same deductible and out-of-pocket maximums as 2014, with the addition of a new level of coverage (individual + 1). Co-pays will still change, for example from \$15 to \$25 for primary care and from \$25 to \$50 for specialists.

PPO/Magnolia Open Access	2014	Original 2015 Proposal	New 2015 Proposal
Deductible	\$300 per person, up to \$900 for family	\$1,000 - individual \$3,000 - retiree + spouse \$3,000 - retiree + children \$3,000 - retiree + family	\$300 - individual \$600 - retiree + 1 (spouse or child) \$900 - retiree + children \$900 - retiree + family
Out-of-Pocket Max (in-network)	\$1,300 per person up to 3 people + \$1000 per additional, up to \$12,700	\$3,000 - individual \$9,000 - retiree + spouse \$9,000 - retiree + children \$9,000 - retiree + family	\$1,300 per person up to 3 people + \$1,000 per additional, up to \$12,700

HMO/Magnolia Local Plus	2014	Original 2015 Proposal	New 2015 Proposal
Deductible	\$0 - individual \$0 - retiree + spouse \$0 - retiree + children \$0 - retiree + family	\$500 - individual \$1,500 - retiree + spouse \$1,500 - retiree + children \$1,500 - retiree + family	\$0 - individual \$0 - retiree + 1 (spouse or child) \$0 - retiree + children \$0 - retiree + family
Out-of-Pocket Max (in-network)	\$1,000 - individual \$2,000 - retiree + spouse \$3,000 - retiree + children \$3,000 - retiree + family	\$3,000 - individual \$9,000 - retiree + spouse \$9,000 - retiree + children \$9,000 - retiree + family	\$1,000 - individual \$2,000 - retiree + 1 (spouse or child) \$3,000 - retiree + children \$3,000 - retiree + family

Retirees with Medicare

Retirees with Medicare (as of March 1, 2015) will maintain the same deductible and out-of-pocket maximums as 2014, with the addition of a new level of coverage (individual + 1). Co-pays will still change, for example from \$15 to \$25 for primary care and from \$25 to \$50 for specialists.

PPO/Magnolia Open Access	2014	Original 2015 Proposal	New 2015 Proposal
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Out-of-Pocket Max (in-network)	\$2,300 per person up to 3 people + \$2,000 per additional, up to \$12,700	\$3,000 - individual \$9,000 - retiree + spouse \$9,000 - retiree + children \$9,000 - retiree + family	\$2,300 per person up to 3 people + \$2,000 per additional, up to \$12,700

HMO/Magnolia Local Plus	2014	Original 2015 Proposal	New 2015 Proposal
Deductible	\$0 - individual \$0 - retiree + spouse \$0 - retiree + children \$0 - retiree + family	\$500 - individual \$1,500 - retiree + spouse \$1,500 - retiree + children \$1,500 - retiree + family	\$0 - individual \$0 - retiree + 1 (spouse or child) \$0 - retiree + children \$0 - retiree + family
Out-of-Pocket Max (in-network)	\$1,000 - individual \$2,000 - retiree + spouse \$3,000 - retiree + children \$3,000 - retiree + family	\$3,000 - individual \$9,000 - retiree + spouse \$9,000 - retiree + children \$9,000 - retiree + family	\$1,000 - individual \$2,000 - retiree + 1 (spouse or child) \$3,000 - retiree + children \$3,000 - retiree + family

Active Employees and Retirees (as of March 1)

Active employees will see a 10%-20% reduction in the 2015 deductibles and out-of-pocket maximums on the Magnolia Local, Magnolia Local Plus and Magnolia Open Access plans. Co-pays will still change, for example from \$15 to \$25 for primary care and from \$25 to \$50 for specialists.

PPO/Magnolia Open Access	2014	Original 2015 Proposal	New 2015 Proposal
Deductible	\$500 per person, up to \$1,500 for family	\$1,000 - individual \$3,000 - employee + spouse \$3,000 - employee + children \$3,000 - employee + family	\$900 - individual \$1,800 - employee + 1 (spouse or child) \$2,700 - employee + children \$2,700 - employee + family
Out-of-Pocket Max (in-network)	\$1,500 per person up to 3 people + \$1000 per additional, up to \$12,700	\$3,000 - individual \$9,000 - employee + spouse \$9,000 - employee + children \$9,000 - employee + family	\$2,500 - individual \$5,000 - employee + 1 (spouse or child) \$7,500 - employee + children \$7,500 - employee + family

HMO/Magnolia Local Plus	2014	Original 2015 Proposal	New 2015 Proposal
Deductible	\$0 - individual \$0 - employee + spouse \$0 - employee + children \$0 - employee + family	\$500 - individual \$1,500 - employee + spouse \$1,500 - employee + children \$1,500 - employee + family	\$400 - individual \$800 - employee + 1 (spouse or child) \$1,200 - employee + children \$1,200 - employee + family
Out-of-Pocket Max (in-network)	\$1,000 - individual \$2,000 - employee + spouse \$3,000 - employee + children \$3,000 - employee + family	\$3,000 - individual \$9,000 - employee + spouse \$9,000 - employee + children \$9,000 - employee + family	\$2,500 - individual \$5,000 - employee + 1 (spouse or child) \$7,500 - employee + children \$7,500 - employee + family

Summary of Changes

- For retirees, we've rolled back deductibles and out-of-pocket maximums to **2014 levels** on three OGB plans – the Magnolia Local, the Magnolia Local Plus and the Magnolia Open Access.
- For active employees, we've reduced deductibles and OOPM by **10-20%** on the Magnolia Local, the Magnolia Local Plus and the Magnolia Open Access
- Added a new **individual + 1** coverage level to all plans that will include deductibles and out-of-pocket maximums equal to double the cost to an individual



What's Not Changing?

- The new Pelican HRA 1000 and Pelican HSA 775 plan options are still available with employer contributions
- OneExchange plans will still include employer contributions
- Vantage Medical Home HMO is still available
- Medicare Advantage plans are still available and will go into effect **Jan. 1**
- Flexible benefits still effective **Jan. 1**
- The pharmacy and medical changes that went into effect **Sept. 30** for active employees and retirees without Medicare will become effective for retirees with Medicare **Jan. 1**
- Changes to co-pays and co-insurance and other benefits are still effective **March 1**



Impact on State

- These changes to the 2015 plans will mean a total loss of **\$36 million** - **\$9 million** in savings for the remainder of FY 15 and **\$27 million** for FY16.
- To compensate, at least a **10.8%** rate increase will be necessary in July.
NOTE: The final number will depend on trends throughout FY15
 - **3%** of the increase is due to the changes outlined today
 - Another **7.4%** is based on current projections and claims trends
 - **0.4%** compensates for the re-adjudication of claims related to Aug. 1 changes
- The rate increase will affect:
 - OGB members - **\$36 million** will be generated by members – which translates into between **\$6.15** and **\$58** per month for members
 - State agencies - **\$55.7 million** is projected to cover agency costs
 - School boards - **\$38.3 million** is projected



Timeline

- Ordinary rule published **Nov. 20**
- Medicare Advantage enrollment ends **Dec. 7**
- OGB enrollment extended through **Dec. 7**
- Public hearing moved to **Dec. 29**
- Final rule effective **March 1**
- Fully insured and Medicare plans effective **Jan. 1**, as well as formulary changes for retirees with Medicare
- Blue Cross plans effective **March 1**

